

STRATEGIC MANAGEMENT TECHNIQUES AND IT'S APPLICATIONS TO THE HOSPITALITY INDUSTRY

Famuyiwa M. O. (Mrs.) (Principal Lecturer)

and

Adeyemi M. O. (Mrs.) (Chief Instructor)

Hospitality, Leisure and Tourism Department

Federal Polytechnic, Ede, Osun State

Email: fellowmummy@yahoo.com

Tel: +2348035029398, +2348035029397

ABSTRACT

Hospitality Organization fails as a result of many factors. Common factors as identified by scholars and experts range from inadequate application of strategic management techniques to mismanagement of resources. Management experts postulates that strategic management technique is sine-qua-non to business success, as the management's goal in employing the concept of strategic management techniques (SMT) is to match the organization resources to the threats and opportunities in the environment so as to achieve long term viability of the company. In this paper an attempt was made to review various strategic management techniques as it applied to hospitality business. Questionnaire was administrated to some selected hospitality establishment using survey approach. From the analysis only 33% of the respondents were aware of the concept, while 67% were not aware, thus indicating a total ignorance of our managers about SMT concept. The analysis also shows that 63% of these managements that are even aware of the concept have never applied it on the job. The reason for non application of this concept by the hospitality managers was identified and possible solutions were recommended.

INTRODUCTION:

Hospitality business is coming to stay in Nigeria. Improvement in technology, civilization and the need for people to travel from a destination to another in search for ways of achieving their goals encourage this tremendous growth experienced in Nigerian Hospitality Industry over the years. The current developmental trend in Nigerian Hospitality Industry shows that the industry is such a challenging one; considering the continuous changes in the customer's expectation, improvement government standard as reflected in contemporal policies and regulations about the industry, competitions among the operators and the strife for improved sales or customers turnover by the operators. The entire aforementioned factor pointed towards the fact that hospitality business in Nigeria has transited that of family setting arrangement practiced in the past. However, attempt to cope with these challenges in the hospitality establishments call for adoption and application of modern and consolidated managerial techniques and innovations that has the capacity of enhancing and sustaining the growth, profitability, creation of value for customers as well as meeting the global industrial standard and requirements.

STATEMENT OF THE PROBLEM

Strategic management technique is a special tool that 'helps management in its onerous task of how best to run an organization so as to achieve its goal of optimal productivity. Thus, it provides a sound base for concluding that there is almost need for the application of the concept in hospitality business for such a business to keep a float. The problem is essentially to find out the existing knowledge of an average hospitality manager about these important techniques, and the extent at which they are applying the concept.

The main problem in Nigeria however, is that many of our managers may not have been applying this management concept. Thus, a reason why some hospitality establishments operate at sub-optimal capacity and taking unscientific decision which result therefore in sub maximization of owner's wealth. This in extent results in corporate failure.

HOSPITALITY INDUSTRY: THE CONCEPT, ELEMENTS AND ATTRIBUTES

Hospitality can be defined, as the warm reception and entertainment of guest or visitors with liberality and good will. Power (1992) suggested that the word hospitality is derived from "hospice-a medical house of rest for travelers and pilgrims". Hospitality Industry then includes hotels and restaurants. Bello (2002), defined Hospitality Industry as the service oriented industry that provides food, drinks, accommodation and other auxiliary services to the public, either for a profit gain or welfare reason. Okoli (2001), suggested that Hospitality Industry refer to all institutions that offers shelter, or food, or both to the people away from their homes. The hotel proprietor Acts of 1956 summarized the definitions given about the Hospitality Industry to mean an establishment held out by the proprietor to provide food, drinks and if so required sleeping accommodations to guest who are willing and able to pay for the services and moreover are in fit state to be received.

ELEMENTS OF HOSPITALITY INDUSTRY:

Hospitality institutions can be categorized into catering and accommodation (Okolo, 2001). Accommodation facilities includes: Hotels, Motels, Guest houses, Inns, Bed and break fast establishments e.t.c. while catering services establishment includes restaurants, cafeteria, sundry catering establishments, transport catering and chandelling.

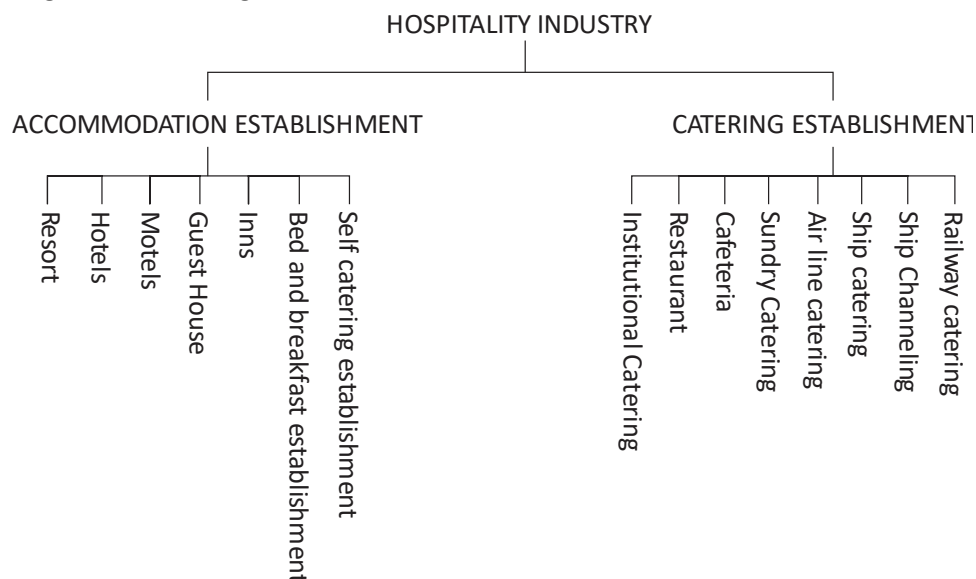


Figure 1: Element of Hospitality Industry.

ATTRIBUTES OF HOSPITALITY INDUSTRY

Hospitality Industry is a specialized people oriented services industry. The industry is a significant and distinctive economic force in the service economic of the world (Okoli 2001). He stated further that the industry is distinctive for several reasons. The industry has been a fertile field for exercising entrepreneurial spirit.

It is part of service industry phenomenon with unique demand, supply and technology relationships. It is both a capital and labour intensive industry.

The ownership of the assets deployed in this industry often does not belong to those who are managing them, instead real estate investment groups, insurance companies, public and private investors along with international business venturists have expected considerable amounts of capital acquire assets of the industry and have also employed specialized hospitality companies to manage them.

HOSPITALITY BUSINESS IS ALL ABOUT SERVICES

Management of hospitality establishment requires functional business strategy which encompasses finance, marketing, human resources, operation administrations and research development. A considerable amount of real estate property across the globe is devoted to supporting all types of hospitality organization

THEORETICAL FRAME WORK AND STRATEGIC MANAGEMENT DEFINITION

The word "strategy" is a military term. It was first used in English in 1956 and it is derived from the Greek noun, "strategy" meaning commander-in-chief (Alugbo, 2002). In management context, the word strategy has now replaced the more traditional term, long term planning" to denote an activity performed by the manager in order to accomplish an organization goal. Wheelen and Hunger (1995) define strategic management as that set of managerial decisions and an action that determines the long-run performances of an organization.

Hospitality business now operate in a fast moving environment different from the past because of the advancement in technology, civilization, shortened product cycle in form of planned obsolescence, increased international competition, especially through the e-commerce. However, if strategy is considered as part of the pattern of the organization response to its environment overtime, then every hospitality manager should take a deliberate active and systematic approach to the formulation and application of feasible strategies in their organization phenomenon called strategic management. As a formal definition we shall adopt that of Bound, Dobbins and Fofler (1995) which suggested strategic management to mean a systematic process of choosing a mission, conducting external and internal analysis and taking action to achieve the organizations missions.

SCOPE AND TECHNIQUES OF STRATEGIC MANAGEMENT

In management, theory and practice are new concepts articulated and developed by management scholars from time to time for adoption by the business operators to ensure that their business is consolidated. It has to be pointed out that when new strategic management techniques "fads" develop, most new generation companies tend to rush into it to show that they are current, but in practice, most of these companies are not always able to effectively apply these techniques. Thus, the main reason for this research is to highlight the various strategic management tools an average hospitality manager and other business operators can adopt to ensure that management decisions on the types of products and services to offer the appropriate target markets, allocations of resources to that end, establishment of policies and procedures and the control of and responsibilities of employees are easily arrived at to achieve the long term visibility of the company. For the purpose of this study, the scopes of SMT to be discussed are: Management Information System (MIS), Management By Objective (MBO), Portfolio Management, Total Quality Management (TQM), Information Technology, (IT), Deming Management, Operation Research and Development.

ROLES OF STRATEGIC MANAGEMENT IN HOSPITALITY BUSINESS

For the purpose of this study, the paper will examine current strategic management tool as it is applied to the hospitality establishment:

Management Information System: Hospitality Industry' has been identified as information intensive industry. Okoli (2001) pointed out that neglect of Information Management and lack of reliable statistical information has been identified as the bane of effective planning for policy makers in Hospitality Industry. Igbojekwe, (2001) suggested that Management Information System (MIS) is an important tool form managerial and operational planning and control in hospitality establishment. It is a system that deals with collection, or operation of the hospitality establishment. Igbojekwe (2001) argued that the performance of any hospitality establishment depends on how well and quickly its members can convert data to information and information to knowledge, thus, such information is expected to be complete, accurate and concise.

Information Technology (IT): It is an electronic communication system that is capable of creating millions of connections around the global (Okoli, 1001). Ileledewa and Famuyiwa (2005) suggested that the state of the art now in this computer age is to encourage the use of internet in hospitality establishment, an act which makes it imperative for the industry to show case her facilities and services to the outside world. He summarized other benefits the industry can benefit from IT application as follows: it create a global awareness which can be a good source of income for these industries in Nigeria, foster mutual relationship among the hospitality establishments, save time in service delivery, enhance accuracy and efficiency in operations, makes information storage and retrieval easy, allow large volume of data acquired from the list of guests stored electronically, e.t.c.

Deming Management: Edwards Deming's (1990) contributions to the management practice have been enormous. His contribution centres more on democratic approach to management. In his idea, the productive system of the hospitality establishments should be revitalized by making them more responsive to customers, more democratic and efficient. Aham (1999) suggested that Deming is anchored on quality management drives, customer satisfaction, plan-do-check-act, and do not blame the person rather fix the systems. The application of this concept will yield maximally in improving the services good, personnel and the general well being of the industry.

Total Quality Management: Okoli (2001) define TQM as the continuous improvement of individuals, groups, departments and organization's focus on meeting customers' requirements. TQM can also be define as a strategic management tool for understanding the needs of customers then using a Since Hospitality Industry is a harmonious maximum of food, drinks, accommodations, physical environment and the behaviour and attitude of people, this produces a feeling of being at home in guest, if the conception term is wisely integrated.

Operations Research and Development (ORD): Nweze (1996) pointed that ORD is the use of mathematical analysis to solve business problems put differently. It is the use of mathematical models to aid decision making in business organization. It could best be called business with mathematics. This concept can be useful in hospitality business in analyzing the quantitative aspect of repetitive operational situation with a view of discerning the most important aspects, those having product constraints and deciding on its minimum cost blend. Also, the concept can also work wonders in the area of production planning. If a hospitality establishment focuses on unexpected demand each month for a particular product, considering the initial quantity of inventory the available production capacity, constraints on production, employment, inventory levels and all the relevant cost of factors the minimum cost of production plan over the planning horizon of month will be formulated.

Portfolio Management: Alugbo (2002) suggested that portfolio management is a type of corporate strategy used by organizations that are made up by a group of companies to enable them to balance allocation of resources within market opportunities. In the context of hospitality, business organizations that operates chain system in their operations can service as prime examples that use portfolio management approach to corporate strategy, such as Western Hotel, Nannet group and Modetel group

Management By Objective (MBO): This management concept is a management tool, its wide spread application has since it introduction been gained in both private and public sector organizations. Cole (2000) described MBO as a system, which seeks to achieve a sense of common purpose and direction among the management of an organization in the fulfillment of business results. Kother (1982) suggested MBO to be a system, which involves turning the company's mission, needs to be a detailed set of supporting objectives for each level of management, with each manager having objectives and responsibilities for their accomplishment. In the context of hospitality business, the concept according to Cole (2000) will benefit the industry in the following ways: (i) It will focus on the hospitality system outputs rather than on activity. (ii) It will provide logical development from the corporate planning process by translating corporate and departmental objectives into individual manager objectives, and finally, (iii) continuous search will improve management performance. Alugbo (2002) summarized other roles of strategic management as follows: capable of solving organizational key sub-problems, benefit customers, helped in the realization of organizational plan even if it is challenging.

Research Methodology: The research methodology employed for this study was a surveyed approach. Twenty managers (20) or chief executives of twenty medium and large sized hospitality companies (all in hotel sector) in Imo and Lagos State were selected for the study. Out of 65 registered 5star Hotels in the two locations of study Primary data was collected by the use of questionnaire which was distributed to the chief executive of respective organizations, while employee working record information gathered from Nigerian Tourism Development Corporation (NTDC) provide source of secondary data. Simple percentage was used for the data analysis.

DATA ANALYSIS AND FINDINGS:

The data was analysed based on research questions

Table 1: Research question 1: Are you aware of strategic management techniques and its importance in business operations?

Responses	Number, of Responses	Percentage
Aware	08	33%
Not aware	16	67%
Total	24	100%

The above table shows that only 33% of the managers contacted are aware of SMT while 67% of the respondents have not heard of the concept!

Table II :Research Question II: How often is strategic management techniques applied on the job?

Application mode	Number	Percentage
Never	5	63%
1 or 2 times on the job	3	37%
1 or 2 time in a year	0	0%
Total	8	100%

The table shows that 63% of managers that are even aware of the concept had never applied it on the job while only 37% of these managers use to apply the concept once or twice since commencement of business.

Table III: Research question III: Reasons for not applying or not often applying strategic management techniques?

Reasons	Numbers	Percentage
Not applicable	02	25%
The method are difficult to apply	03	37.5%
Management do not want the tools	02	25%
Not necessary	01	12.5%
Total	08	100%

While 37.5% of the respondents felt that the concept are too difficult to apply, 25% feels that the concept is not applicable and the same 25% feels that the management of their company do not want the tool and only 12.50/0 feels that it's application is not necessary.

SUMMARY OF FINDINGS:

Given the information in the analysis of the questionnaire, about 67% of the managers sampled were absolutely ignorant of the concept, thus did not apply it in their business. Also, these managers that are even aware of this concept hardly applied it on the job. However, only 3% of the managers who are aware of the concept often applied it once or twice on the job. The reason is attributed to the fact that the few managers that applies the concept has strong managerial background during their training while in school.

CONCLUSION AND RECOMMENDATION

Conclusively, since the major factor that impedes the use of these managerial tools is ignorance, the study, thus recommends that Nigerian hospitality operators should organize workshops, seminars and other related training programme on the use and applications of SMT for the managers so as to enhance their skills, update their knowledge and thus improve their Productivity like our counterpart in the banking sectors. Also hospitality establishments should be encouraged to engage the services of strategic manager in order to enhance the quality of their managerial decisions.

Finally, hotel and catering management should not be seen as a business of cooking and serving of food only, thus high level of management courses should be integrated into the curriculum to ensure that every Nigerian hoteliers has rich managerial and technical ability to perform.

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